

MEETING NO. 4145
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD WEDNESDAY, JANUARY 27, 2016

10:00 A.M.

RETIREMENT SYSTEMS' CONFERENCE ROOM
ONE DETROIT CENTER, 500 WOODWARD; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Wendell Anthony	Trustee
Scott Benson	Ex-Officio Trustee/City Council Member
Lori Cetlinski	Trustee
Tasha L. Cowan	Trustee
Lou Hatty	Trustee/Chairman
Eric Higgs	Ex-Officio Trustee/Deputy CFO
Felicia Johnson	Trustee
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee
Thomas Sheehan	Trustee/Vice-Chairman

TRUSTEES EXCUSED

None

TRUSTEES ABSENT

None

ALSO PRESENT

Cynthia A. Thomas	Executive Director
Deborah A. Wilkerson	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Michael VanOverbeke	General Counsel
Reginald O'Neal	Medical Director
Rita Coats	Recording Secretary

CHAIRMAN

LOU HATTY

The Board's Recording Secretary took a verbal Roll Call at 10:10 a.m. and Chairman Hatty called the meeting to order.

Present at Roll Call: Lori Cetlinski, Tasha L. Cowan, Lou Hatty, June Nickleberry and Thomas Sheehan.

Re: Service Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

RESOLVED, that the application(s) for **SERVICE RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Deborah L. Pyszk-Atkinson – Office Support Spec – Water & Sewerage
SERVICE CREDIT	29-01
EFFECTIVE DATE	01-12-16
NAME, TITLE, DEPARTMENT	Richard Belloni – Apparatus Emergency Mechanic – General Services
SERVICE CREDIT	29-10
EFFECTIVE DATE	01-13-16
NAME, TITLE, DEPARTMENT	Raymond Bentley – Elec Instr Ctrl Tech – Water & Sewerage
SERVICE CREDIT	27-06
EFFECTIVE DATE	01-13-16
NAME, TITLE, DEPARTMENT	Clemon Beverly – Team Leader – Water & Sewerage
SERVICE CREDIT	30-06
EFFECTIVE DATE	01-15-16
NAME, TITLE, DEPARTMENT	Tracy Brack – Plant Technician – Water & Sewerage
SERVICE CREDIT	29-02
EFFECTIVE DATE	01-02-16

Re: Service Retirement(s) – (Con't)

NAME, TITLE, DEPARTMENT	Tara Danforth-Brown – Exec Management Team – Water & Sewerage
SERVICE CREDIT	29-06
EFFECTIVE DATE	01-05-16
NAME, TITLE, DEPARTMENT	Gladys M. Cannon – Procurement Specialist - Water & Sewerage
SERVICE CREDIT	30-06
EFFECTIVE DATE	01-08-16
NAME, TITLE, DEPARTMENT	Michael P. Ermler – Water Technician – Water & Sewerage
SERVICE CREDIT	17-06
EFFECTIVE DATE	01-14-16
NAME, TITLE, DEPARTMENT	Jeffrey J. Morrison – Maintenance Techn - Water & Sewerage
SERVICE CREDIT	14-0
EFFECTIVE DATE	01-02-16
NAME, TITLE, DEPARTMENT	Rechanda L. Willis – Prof Admin Analyst - Water & Sewerage
SERVICE CREDIT	29-06
EFFECTIVE DATE	01-15-16
NAME, TITLE, DEPARTMENT	Allen Wilson – Water Technician - Water & Sewerage
SERVICE CREDIT	28-11
EFFECTIVE DATE	01-15-16

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

Re: Early Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

RESOLVED, that the application(s) for **EARLY RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Wesley Brent – Maintenance Techn – Water & Sewerage
SERVICE CREDIT	25-06
EFFECTIVE DATE	01-02-16
NAME, TITLE, DEPARTMENT	Ralph Coleman - Maintenance Techn – Sewerage
SERVICE CREDIT	24-07
EFFECTIVE DATE	01-02-16
NAME, TITLE, DEPARTMENT	Kevin D. McGowen - Maintenance Techn – Sewerage
SERVICE CREDIT	25-02
EFFECTIVE DATE	01-08-16
NAME, TITLE, DEPARTMENT	Craig G. Moore, Sr. – Sr. Sewage Plant Oper - Sewerage
SERVICE CREDIT	23-07
EFFECTIVE DATE	01-02-16
NAME, TITLE, DEPARTMENT	Laneta Stewart – Maintenance Techn – Water & Sewerage
SERVICE CREDIT	23-06
EFFECTIVE DATE	01-08-16
NAME, TITLE, DEPARTMENT	Kimberly D. Tooles – Emer Svcs Deploy Opr – Police (Civilian)
SERVICE CREDIT	27-08
EFFECTIVE DATE	01-13-16
NAME, TITLE, DEPARTMENT	Trina D. Tucker – Supt Grds Maint – General Services
SERVICE CREDIT	27-05
EFFECTIVE DATE	12-19-15
NAME, TITLE, DEPARTMENT	Victoria Williams – Park Maint Sub-Gr II – Water & Sewerage
SERVICE CREDIT	23-07
EFFECTIVE DATE	01-12-16

Re: Early Retirement(s) – (Con't)

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

Re: Option Change

Motion By: Trustee Sheehan – Supported By: Trustee Cetlinski

RESOLVED, that the application(s) for **OPTION CHANGE** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Joe M. Wilson – Asst. EMS Spvr-Gd II – Fire (Civilian)
SERVICE CREDIT	23-08
EFFECTIVE DATE	01-12-16
FROM:	Option Two – Equate Age 62
TO:	Option Two/Pop-Up – Equate Age 62

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

Re: Receipts

The receipts which are referenced below were **Acknowledged**:

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
WEEKLY RECEIPTS FOR ACKNOWLEDGEMENT			
1/18/16 - 1/22/16			
Meeting No. 4145			
January 27, 2016			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
RECEIPTS			
FIRST INDEPENDENCE BANK	01/19/16	Loan Deductions	56,973.74
GREAT ATLANTIC & PACIFIC TEA CO, INC	01/20/16	Class Action Proceeds	218.39
WALTON STREET REAL ESTATE FUND IV LP	01/20/16	Distribution	264,544.60
CITY OF DETROIT	01/19/16	Weekly Mandatory Pension Contribution	88,295.56
CITY OF DETROIT	01/19/16	Weekly Annuity Contribution	66,192.81
		TOTAL RECEIPTS	\$ 476,225.10

Re: Monthly Disbursements

Motion By: Trustee Sheehan – Supported By: Trustee Nickleberry

Motion to approve the Monthly Pension Payroll.

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
MONTHLY PENSION PAYROLL FOR APPROVAL			
1/27/2016			
Meeting No. 4145			
January 27, 2016			
PAYEE NAME	DESCRIPTION	AMOUNT	
DISBURSEMENTS			
First Independence Bank	Pension Payroll - Direct Deposit	14,472,336.32	
MISDU	Child Support Deductions	27,360.84	
First Independence Bank	Pension Payroll - Checks	1,952,557.31	
Diversified Members Credit Union	Loan Payment Deductions	629,542.67	
Detroit Employee Benefit Plan	Benefit Payments - Life Insurance	4,208.23	
Detroit Employee Benefit Plan-VEBA (to RHC)	Benefit Payments - Health, Eye & Dental	453,517.85	
Federal Tax	Withholding	1,812,363.08	
State Tax & Assoc. Fees	Withholding	296,296.56	
	TOTAL DISBURSEMENTS	\$ 19,648,182.86	

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

Re: Fees and Expenses

Resolution Moved By: Trustee Sheehan - Supported By: Trustee Cetlinski

WHEREAS, the Board has been presented with the List of Disbursements for Board Approval which is referenced below requesting payment for Fees and Expenses, and

WHEREAS, the Board has been requested to approve payment of said Fees and Expenses; **THEREFORE BE IT**

RESOLVED, that subject to staff audit and approval of all Legal Fees by the Board's General Counsel, the Board **APPROVE** payment of the following Fees and Expenses:

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT

MEETING NO. 4145
JANUARY 27, 2016

Re: Fees and Expenses – (Con't)

<u>PAYEE</u>	<u>DATE</u>	<u>INVOICE NO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
MANAGEMENT FEES:				
BlackRock Financial Management, Inc	12/28/2015	20150930-511-A	Management Fees - 3rd Qtr '15	\$44,895.03
JP MORGAN INVESTMENT MANAGEMENT INC	1/12/2016	20151231-1226-A	Management fees - 4th Qtr '15	\$78,940.36
PIEDMONT INVESTMENT ADVISORS,LLC	1/14/2016	INV11552	Management Fees - 4th Qtr '15	\$18,235.52
Subtotal				\$142,070.91
LEGAL FEES:				
F. LOGAN DAVIDSON, P.C.	11/4/2015	G110315	GRS PITG Holdings Corp: Request for Reimbursement of Out-of-Pocket Exp	\$1,160.00
F. LOGAN DAVIDSON, P.C.	1/19/2016	G160119	Grand Personality, Inc: Request for Reimbursement of Additional Out-of-Pock	\$3,880.00
RACINE & ASSOCIATES	1/18/2016	11920	DGRS v Gracia 11/1/15 -12/31/15	\$14,398.82
Subtotal				\$19,438.82
ADMINISTRATIVE EXPENSES:				
ADP, INC	1/15/2016	467228056	Check Printing Services	\$104.29
ALLEGRA	1/19/2016	92155	Office Supplies	\$683.37
EMERSON NETWORK POWER LIEBERT SERVI	1/12/2016	57209592	Computer Supplies (Batteries)	\$3,661.00
FEDEX	1/13/2016	5-285-47465	FedEx Mailings	\$14.74
FEDEX	12/30/2015	5-272-27251	FedEx Mailings	\$46.48
FEDEX	1/20/2016	5-293-12029	FedEx Mailings	\$28.14
MERCURY STORAGE	1/25/2016	16423	Maintenance	\$2,018.50
OFFICE DEPOT	1/13/2016	817573121001	Office Supplies	\$173.66
Postmaster - USPS Detroit Office	1/19/2016		Replenish Postage Account (permit) #788	\$25,000.00
QUILL CORPORATION	1/12/2016	2214052	Office Supplies	\$24.74
Staff Wages	1/18/2016		Staff Wages for 12/14/15-1/18/16	\$36,411.56
STAR INSURANCE COMPANY	1/12/2016	011216	Workers Compensation - adjustment for workers	\$21.50
TELECOMM SOLUTIONS, LLC	1/20/2016	2016-976619	Communications Package Annual Service: 3/1/15-2/28/17	\$22,153.42
THE TOWNSEND GROUP	12/31/2015	10219	Professional Services-December 2015	\$11,250.00
UHY ADVISORS MI INC	1/15/2016		Prof Accounting Svcs - 1/1/16-1/15/16, Inv # 1157868	\$27,365.62
Subtotal				\$128,957.02
PAYEE				
FELICIA JOHNSON	1/20/2016	012016	Parking 12/23/15, 1/6/16, 1/13/16	\$60.00
REGINALD E. ONEAL	1/22/2016	012216	Medical Examinations 10/20/2015 - 1/18/2016	\$360.00
THOMAS SHEEHAN	1/26/2016	012616	Retired Trustee Stipend	\$800.00
WENDELL ANTHONY	1/26/2016	012616	Trustee Stipend	\$800.00
WENDELL ANTHONY	1/26/2016	012616a	Trustee Parking (2013-2014)	\$1,860.00
Subtotal				\$3,880.00
Total Disbursements for Board Approval				
				\$294,346.75

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

Re: Refunds of Accumulated Contributions

Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

RESOLVED, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth on **List No. 7242** in the amount of **\$1,453,080.12** including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

Re: Employee Loan Program

Motion By: Trustee Sheehan – Supported By: Trustee Cetlinski

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of **\$25,492.00**, including interest, be hereby **APPROVED**.

Yea: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nay: None

➤ ***Trustee Scott Benson*** entered the Board Meeting at 10:12 a.m.

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

There were no items for discussion at this week's meeting.

EXECUTIVE DIRECTOR'S REPORT

Executive Director, Cynthia A. Thomas, presented the following to the Board for discussion:

- Follow-up on Mission Statement
- Investment Committee's expenses – will provide a quarterly report

➤ ***Trustee John Naglick*** entered the Board Meeting at 10:18 a.m.

➤ ***Trustee Wendell Anthony*** entered the Board Meeting at 10:25 a.m.

➤ ***Trustee Eric Higgs*** entered the Board Meeting at 10:25 a.m.

➤ ***Trustee Felicia Johnson*** entered the Board Meeting at 10:30 a.m.

Executive Director's Report – (Con't)

Re: McLagan Survey

Resolution Moved By: Trustee Naglick – Supported By: Trustee Higgs

WHEREAS, the Board approved the retention of McLagan to perform a compensation survey regarding the Executive Director, the Assistant Executive Director, the Chief Informational Officer, the Chief Investment Officer and the Head of Accountant's position, and

WHEREAS, the Board has considered the recommendation of the Executive Director for a nominal cost and agrees that having such information is in the best interest of the Retirement System of the City of Detroit ("RSCD"), and

WHEREAS, this matter has been discussed in open session; **THEREFORE BE IT**

RESOLVED, that the Board approves the retention of McLagan to perform the compensation survey and such work shall be performed with oversight by RSCD senior management and the results of the benchmarking shall be reported to the Board and the Investment Committee upon completion, and be it further

RESOLVED, that a copy of this resolution be provided to McLagan and the Investment Committee.

Yea: Anthony, Benson, Hatty, Higgs, Naglick and Sheehan – 6

Nay: Cowan, Johnson and Nickleberry – 3

Abstain: Cetlinski – 1

Executive Director's Report – (Cont'd)

Re: CEM Benchmarking Retention

Resolution Moved By: Trustee Cetlinski – Supported By: Trustee Higgs

WHEREAS, the Executive Director presented a proposal to the Board from CEM Benchmarking which sets forth various benchmarking objectives and tools regarding the efficiency and cost-effectiveness of the operation of the Retirement System of the City of Detroit ("RSCD"), and

WHEREAS, the Executive Director and senior management believe such benchmarking will assist management in streamlining operations and gauging cost effectiveness and efficiency related to the RSCD operations, and

WHEREAS, the Board has considered the recommendation of the Executive Director and agrees that benchmarking performance is in the best interest of the RSCD.

Following discussion of the foregoing motion, the motion failed, due to lack of support:

Yea: Anthony, Cetlinski, Hatty, Naglick, Higgs - 5

Nay: Benson, Cowan, Johnson, Nickleberry and Sheehan - 5

Trustee Cowan was not in support of this motion because:

1. A Request for Proposal was not sent out for advertisement.
2. Other companies were not given the opportunity to submit a proposal.
3. I don't feel that this is the appropriate time to have this done.

"My focus is to keep in mind, as a Trustee, the importance of fulfilling my fiduciary responsibility to be prudent in utilizing the funds wisely and providing restoration to our retirees pension check as soon as possible."

~Concludes Executive Director's Report~

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer, Ryan Bigelow, discussed the following updates:

- Alpha Partners, LLC submitted a Letter of Resignation as Investment Manager for the General Retirement System, effective January 31, 2016.

Trustee Wendell Anthony led a moment in prayer to the family of Napoleon Rodgers, wife of Ms. Dawna Rodgers, of Alpha Partners. Prayer was also extended to the family of Ms. Rodgers' sister, whom has taken illness.

- Update on the sale of River Place Apartments
Will be meeting with the Investment Committee on February 8, 2016 at 12:00 Noon, to discuss the recommendation of American Realty Advisors and Townsend to sell River Place Apartments.
- Update on MHR hedge fund
How the Retirement System will allocate the hedge fund.
- Update on Rivers Casino: Currently, no details at this time. Still having conversations.

~Concludes Chief Investment Officer's Report~

GENERAL COUNSEL'S REPORT

General Counsel, Michael VanOverbeke, provided a Legal Report for discussion:

- Trustee Resignation/Removal from Board Policy, adopted: 9/23/2014
Re: Lou Hatty (Laid-Off/Termination) and Felicia Johnson (Laid-Off). To appoint an Interim Chairperson and Interim Vice-Chairperson.

Re: Interim Chairperson

Motion By: Trustee Anthony – Supported By: Trustee Naglick

Motion to approve Trustee Tasha L. Cowan as Interim Chairperson at next week's Board Meeting, February 3, 2016.

Yea: Anthony, Benson, Cetlinski, Cowan, Hatty, Higgs, Johnson, Naglick, Nickleberry and Sheehan – 10

Nay: None

GENERAL COUNSEL'S REPORT – (Cont'd)

- Will arrange the Director of Labor Relations, Michael Hall, to appear before the Board regarding an employee's employment status.
- Doris Person's Recoupment re: Overpayment
- Payment of deceased Keith Lambert's annuity

EDRO:

Re: Ireneo Valera, Jr. v. Marie E. Valera
Macomb County Circuit Court Case No. 12-4361-DQ

Resolution Moved By: Trustee Cetlinski – Supported By: Trustee Sheehan

WHEREAS, the Board of Trustees is in receipt of a First Amended Domestic Relations Order (the "Order"), dated December 10, 2015, wherein Marie E. Valera, the Alternate Payee, is awarded certain rights to the benefits of Ireneo Valera, Jr., the Participant, and

WHEREAS, Mr. Valera, Jr. retired on January 25, 2010, elected the Plan's Option B form of benefit, and withdrew all of his accumulated contributions from the Annuity Savings Fund, and

WHEREAS, pursuant to the terms of the Order, the Alternate Payee is entitled to 48.09% of the marital portion of the Participant's accrued benefit under the Defined Benefit Plan that accrued as of December 6, 2013, and

WHEREAS, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law; **THEREFORE BE IT**

RESOLVED, that the Board acknowledges receipt of said court order, and will pay pension benefits consistent with the order as soon as administratively feasible, and further

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and further

RESOLVED, that copies of this resolution be sent to Ireneo Valera, Jr., the Participant; Renee K. Gucciardo, Esq., attorney for the Participant; Mila F. Krolikowski, the Alternate Payee; Jack L. Jaffee, Esq., attorney for the Alternate Payee; and the Board's Actuary.

Re: Ireneo Valera, Jr. v. Marie E. Valera – (Con't)

Yea: Anthony, Benson, Cetlinski, Cowan, Hatty, Higgs, Johnson, Naglick, Nickleberry and Sheehan – 10

Nays: None

- Received subpoena requesting retirement information re: Mr. Willie Riley
- Special Legal Counsel Marie Racine is scheduled to appear before the Board at next week's board meeting, February 3, 2016, re: Billing.
- Detroit's Foundation future: re: Omnibus transaction regarding Notification of default.
- Audited Financial Statement re: GASB 68: The Retirement System's deadline is March 1, 2016 and the City's deadline is March 31, 2016.
- Draft notice is done re: Lump Sum Payment (Death Benefit Plan)

~Concludes General Counsel's Report~

NEW BUSINESS

Re: Investment Strategies and Portfolio Management Conference

Motion By: Trustee Anthony – Supported By: Trustee Naglick

RESOLVED, that the Board APPROVES the attendance of Trustee Scott Benson to attend the Investment Strategies and Portfolio Management conference, held at Wharton University of Pennsylvania on Monday, May 16 - 20, 2016, and that the Board APPROVES expenditures to attend said conference.

Yea: Anthony, Benson, Cetlinski, Cowan, Hatty, Higgs, Johnson, Naglick, Nickleberry and Sheehan – 10

Nays: None

- ❖ *The Board RECESSED at 1:05 p.m. for LUNCH*
- ❖ *The Board RECONVENED at 1:35 p.m.*

Re: Entering Into Closed Session

Resolution Moved By: Trustee Sheehan – Supported By: Trustee Cowan

WHEREAS, the Retirement System is subject to the limitation of the Open Meetings Act (“OMA”) being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

RESOLVED, that the Board enter into Closed Session for the purpose of discussing River Place Apartments negotiations which has not been publicly disseminated or available from other sources, the release of which might cause significant harm and is acknowledged by the Board of Trustees as Confidential and Privileged under MCL 38.1140(L), because discussion in Open Session would have a detrimental financial effect upon the Retirement System.

A Roll Call Vote was taken as follows:

Yea: Anthony, Cetlinski, Cowan, Hatty, Higgs, Naglick, Nickleberry and Sheehan – 8

Nay: None

The Board entered into **Closed Session** at 1:35 p.m.

- **Trustee Johnson** rejoined the Board Meeting at 1:38 p.m.
- **Trustee Benson** rejoined the Board Meeting at 1:48 p.m.

Re: Open Session

Motion By: Trustee Sheehan – Supported By: Trustee Anthony

RESOLVED, that the Board come out of Closed Session.

The Board returned to **Open Session** at 1:50 p.m.

ADJOURNMENT

There being no further business before the Board, **Chairman Hatty** adjourned the meeting at 1:50 p.m. The Board's next meeting is scheduled for **Wednesday, February 3, 2016**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT

MEETING NO. 4145
JANUARY 27, 2016

SIGNATURE PAGE ONLY



DEBORAH A. WILKERSON
ASSISTANT EXECUTIVE DIRECTOR